

Joint Pensions and Insurance 1

Amendment No. 1 to HB1806

Lynn
Signature of Sponsor

AMEND Senate Bill No. 1727*

House Bill No. 1806

by adding the following new section immediately before the effective date section and redesignating the subsequent section accordingly:

SECTION __. Tennessee Code Annotated, Section 9-3-506(a), is amended by deleting subdivisions (2) and (3) and substituting instead the following:

(2) For any pension plan that is funded below sixty percent (60%), the political subdivision shall not establish a benefit enhancement until it has received written approval by the state treasurer. For the purposes of this subdivision (a)(2), "benefit enhancement" means any change in member benefits, benefit structure, or benefit formula provided by a political subdivision relative to its pension plan that, according to the political subdivision's actuary, will or is estimated to permanently, temporarily, or intermittently increase either the employer or employee contributions or the liabilities of the pension plan; and

(3) For political subdivisions with an existing pension plan as of May 22, 2014, the political subdivision shall not establish a new pension plan that changes the funding policy, increases the employer cost, or adds to the unfunded accrued liability of an existing pension plan until it has received written approval from the state treasurer. For the purposes of this subdivision (a)(3), a political subdivision establishes a new pension plan by taking any or a combination of the following actions:

(A) Establishing a tier that has not been previously provided as part of a pension plan;

(B) Reopening a previously closed pension plan or previously closed tier of a pension plan; or

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(C) Establishing a plan that is different from the political subdivision's
existing pension plan.